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CENTRAL INTELLIGENCE GROUP

INTELLIGENCE REPORT

COUNTRY Germany (Russian Zone)

DATE: 25X1X6

SUBJECT Russians Sponsoring Loan Offers to German Firms

INFO.

DIST. 24 February 1947

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ORIGIN [REDACTED]

SUPPLEMENT

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1. The following letter, dated 21 November 1946, was received by the paper factory, Schoeller & Bausch, Neu Kaliss, from the Legal and Finance Department of the State Administration of Mecklenburg-Vorpommern; it was signed by Loehr of the Economic Branch.

"The State Administration is prepared to grant you an interest-free loan of 2,000,000 RM to be used for the reconstruction of your factory. This loan is for five years, after which time arrangements will have to be made concerning terms of repayment.

"Will you please open a separate banking account, giving the Economic Branch of the State Administration the right to block the account. Also, please give me the particulars concerning this account, sending me a confirmation from the Finance Institute as to the blocking entry in favor of the Economic Branch of the State Administration, whereupon I shall remit the sum of 2,000,000 RM through the Landeshauptkasse to the new account."

"Your firm will require the consent of the Economic Branch for withdrawals, after having submitted a statement showing how the money will be utilized.

"I am looking forward to your reply by return mail."

2. The loan in question was not solicited by Schoeller & Bausch. Upon receipt of this letter, the firm sent representatives to discuss the matter with Mr. Loehr. The representatives were told that, on suggestion of SMA Schwerin, the State Administration is offering loans to a few firms which have been selected by the Russians. They also learned that the money stems from a fund to which only the Russians have access and that this fund is made up of amounts realized through the sale to private persons of enterprises requisitioned in accordance with laws 124 (?) and 126.

3. No indication was given as to whether the Russians regard this money as their personal property or whether it actually belongs to the State, although transactions can be carried out only upon the instructions given by the Russians. Mr. Loehr is quoted as saying:

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CLASSIFICATION SECRET

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ADSO	X	A DEP.	X	FST	SPDS	X	VTO		X			
DADSO		FBK		FBV	SPDS	X	B DEP.					
EXEC.		FBI		FBX	SPOT		CFCB					
CONTRO		FBM	X	FBZ	SCO		CTR		X			
PLANS	X	FBP		SPDA	TRB	X			X			

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NO CHANGE in Class.

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Class. CHANNEL TO: TS S (c)

DDA Memo, 4 Apr 77

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"Should the firms to whom these credits are offered decide to reject them, the money will be lost to the German economy; this means that, if the firm Schoeller & Bausch should reject this two million loan, the State of Mecklenburg-Vorpommern will be poorer by two million marks."

4. The firm of Schoeller & Bausch does not need the loan and intends to decline the offer in such a manner as not to offend the Russians.

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